

Monitoring Training for Area Agencies on Aging



Basic Fundamentals and New Requirements

August 27 & 28, 2003

Mark Hensley, Lead Monitor
NC Division of Aging



Introductions

Anna Wasdell, Lead Monitor
Controller's Office
NC Department of Health and Human Services

Steve Freedman, Chief
Service Operations Section
NC Division of Aging

Dennis Streets, Chief
Planning, Budgeting and MIS
NC Division of Aging

Part 1: The Basics



The Fundamental Question:

What exactly is
monitoring and
why do we have to do it?





Philosophy of Monitoring



You may ask:

- ✂ Is monitoring “**black and white**”?
- ✂ Are we graduates from the
“**Got’cha Police Academy**”?
- ✂ Are we “**Bean Counters**” sent to
bring bureaucratic terror into the
lives of our contractors?



Monitoring

✧ **Monitor** – One that admonishes, cautions, or reminds.

✧ **Monitoring** – To scrutinize or check systematically with a view to collecting certain specified categories of data.

* The American Heritage Dictionary



Philosophy of Monitoring

✂ Monitoring is, in effect, a method of determining if the subrecipient is either in default of the agreement or will be in default, if the current situation is allowed to continue. Monitoring should not be a one-time event, rather an evaluation of risk over time in a variety of ways.



Subrecipient

- ✂ The legal entity to which a sub-award is made and who is accountable to the recipient {or pass-through agency} for the use of funds provided.



Philosophy of Monitoring

✂ One main goal of monitoring is to identify problems before they result in audit finds or turn into bigger problems. This aspect can be considered to be a type of technical assistance to the subrecipient.



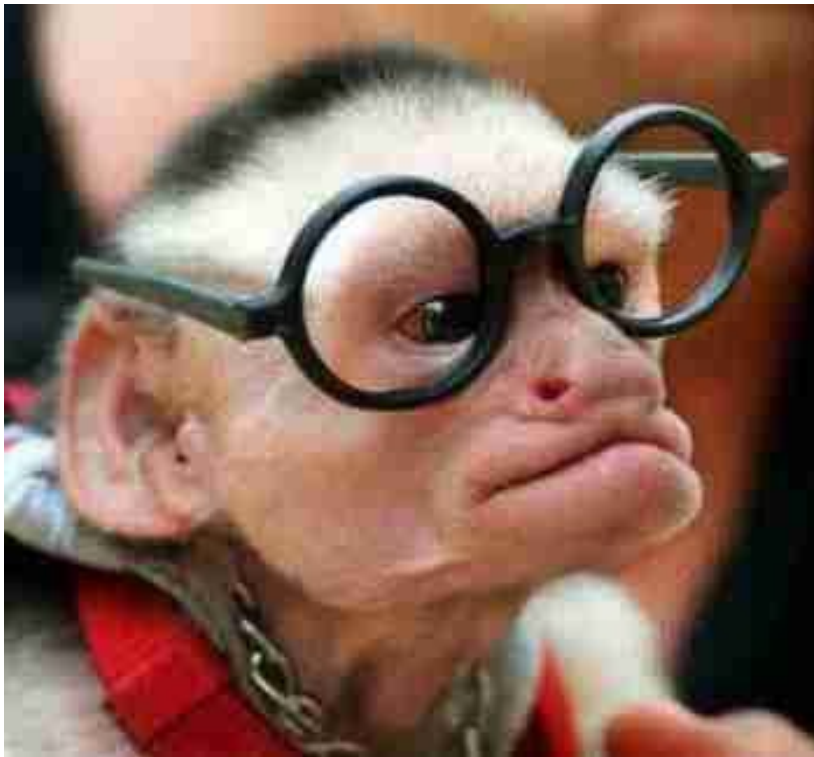
Monitoring

✂ The purpose of monitoring is to review:

- state and federal programs
- applicable laws and regulations
- expected results and outcomes
- internal controls
- accounting system and financial management



Everyone says.....



I AM
NOT
AN
AUDITOR!



Auditing

✧ **An examination of records or accounts to check their accuracy. Internal auditing is the adjustment or correction of accounts within the current year.**



The Difference between Auditing and Monitoring

✂ **Auditing is primarily an “after-the-fact” event as compared to monitoring.**

✂ **Monitoring is a current activity and normally involves much more current data.**



Our Charge...

- ✂ According to the Older Americans Act, Area Agencies on Aging were established "*to provide essential services such as program planning, monitoring and funds administration, and greatly contribute to the support of local aging programs.*"



Requirements

- ① OMB Circular A-133
- ② General Statute 143-6.1
- ③ Older Americans Act, Section 307(4)
- ④ 45 Certified Federal Register 1321.7(a) and 1321.61(b)(1)
- ⑤ DHHS Monitoring Policy (8-02)
- ⑥ Home and Community Care Block Grant Agreement
- ⑦ AAA Policies and Procedures Manual, Section 308



New Trends

- ✂ There is a fine line between auditing and monitoring.
- ✂ The federal government has formalized its obligation monitoring for federal funds received through OMB Circular A-133.
- ✂ North Carolina has adopted these same requirements.



OMB Circular A-133 Monitoring Requirements

- ◆ Provide award information.
- ◆ Monitor during the award.
- ◆ Ensure required audits are conducted.
- ◆ Evaluate the impact of audits.



OMB Circular A-133 Requirements

"to monitor the activities of subrecipients as necessary to ensure that federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved."



OMB Guidance on Monitoring

- ♦ Monitoring techniques should occur throughout the year and take various forms including:
 - ♦ desk audits and reviewing financial and programmatic performance reports,
 - ♦ conducting site visits to review records and observe operations,
 - ♦ maintaining contact and making appropriate inquiries
 - ♦ reviewing single audit or other audit reports.



Consequences of Poor Monitoring

WWW.KANIAMANIA.COM

by Chris Kania

©1997 Kania

chris@kaniamania.com



Yes, the three-thousand T-shirts arrived for the company meeting. You better get down here.



Consequences of Poor Monitoring

- ✂ Increased risk
- ✂ Weaknesses in operation
- ✂ Negatively impacts the quality of services.
- ✂ Audit exceptions and/or questioned costs
- ✂ Possible disallowed costs
- ✂ Loss of federal or state awards



Monitoring Mechanisms

- ▶ Reviewing and approving program planning documents.
 - RFP, Grant Agreement, Area Plan or Service Plan
- ▶ Reviewing and approving operating budgets.
 - Line item budgets, 732a Cost Computation Worksheet, other



Continued

▶ Reviewing and approving expenditure reports

- Monthly reimbursement requests, receipts for expenditures, unit verification, and funds utilization.

✂ Reviewing any reports of program accomplishments or other indicator data

- Progress reports, quality improvement plans, newspaper articles, etc.



Continued

▶ Internal control reviews

- determine areas where internal controls could be strengthened.

▶ Performing on-site visits

- observe delivery of services and operating facilities; review record keeping system and client eligibility process; interview staff and program participants.



Continued

- ▶ Follow-up on deficiencies and non-compliance.
 - Reviewing past non-compliance deficiencies and determine if the situation has improved.

- ▶ Requiring, reviewing, and resolving audits of the program.
 - Review the opinion letter and letter to management from the auditor.

Part 2: Monitoring Fundamentals



Funding sources

Compliance Audit Supplements

Grants vs Contracts

Monitoring Subrecipients



Aging Services in NC

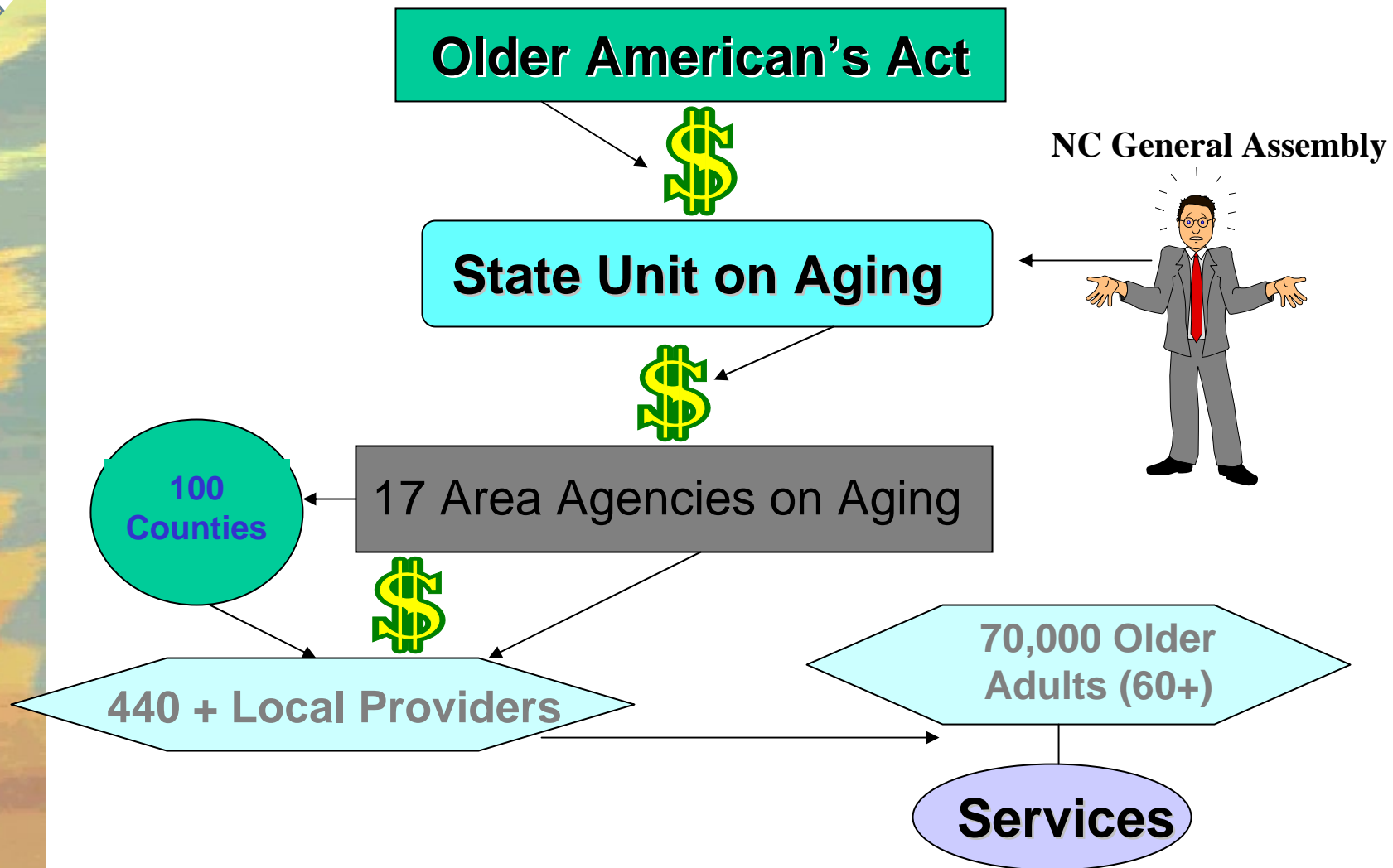
- ✧ Approximately \$54 million in service funding
- ✧ Service to approximately 70,000 older adults
- ✧ 9 AAAs are in direct service

Providers

- Non-Profit 199
- Public 216
- For-Profit 25

Total 440

Review of Flow of Funding





Division of Aging Fund Sources

Federal Fund Sources - Services

- ▶ Title III-B Supportive Services
- ▶ Title III-C Nutrition Services
- ▶ Title III-D Disease Prevention/Health Promotion
- ▶ Elderly Feeding Program (USDA)
- ▶ Title III-E Family Caregiver Support
- ▶ State In-Home Services Fund (SSBG)



Title IIIB Supportive Services

- ✂ In Home Aide
- ✂ Home Health
- ✂ Home Repair
- ✂ Adult Day Care
- ✂ Transportation
- ✂ Case Management
- ✂ Senior Companion
- ✂ Information and Assistance
- ✂ Legal
- ✂ Senior Center Operations/Construction
- ✂ Health Screening
- ✂ Health Promotion



Title III C Nutrition

- ✂ Home Delivered Meals
- ✂ Congregate Nutrition
- ✂ Supplemental Nutrition

Title III D Nutrition

- ✂ Health Promotion
- ✂ Health Screening

Elderly Feeding Program

- ✂ USDA Supplement



Division of Aging Fund Sources

State Fund Sources - Services

- ▶ General Purpose Funding for Senior Centers
- ▶ Senior Center Outreach



Division of Aging Fund Sources

Federal Fund Sources - AAA Service/Support

- ▶ Title III-B Supportive Services
- ▶ Title VII- Chapter 2-Long Term Care Ombudsman
- ▶ Title VII- Chapter 3 Prevention of Elder Abuse
- ▶ Title V - Senior Community Service Employment Program
- ▶ Title III-E Family Caregiver Support
- ▶ Title IV - POMP



Compliance Audit Supplements

The purpose is to:

- ✂ give adequate direction to local auditors to perform audits of entities receiving state/federal funds.
- ✂ identify program compliance requirements in 14 specific areas.
- ✂ identify audit procedures and testing requirements within those 14 areas.



Compliance Supplement Criteria Required Monitoring Core Areas

A. Activities Allowed or Unallowed:

Specific activities identified in the grant agreement; state and federal regulations.

B. Allowable Cost/Cost Principles:

Ensure that costs paid are reasonable and necessary for operation and administration of the program.

C. Cash Management: **only applies when advances in excess of 60 days are provided to a subrecipients.*



*Compliance Supplement Criteria
Required Monitoring Core Areas Continued*

D. Davis-Bacon Act: *Not applicable to DHHS.*

E. Eligibility: *Assure that only eligible individuals receive services and assistance under this program.*

F. Period of Availability of Federal Funds: *The time period authorized for federal and state funds to be expended (July – June).*



*Compliance Supplement Criteria
Required Monitoring Core Areas Continued*

G. Equipment and Real Property

Management: *Equipment defined as tangible property with a useful life more than one year and a cost of \$5,000 or more may only be purchased if specifically approved in the contract or grant agreement.*

H. Matching, Level of Effort,

Earmarking: *Matching is the non-federal amount of funding required to receive a grant. Level of Effort refers to a specific level of service or expenditures. Earmarking is the minimum and/or maximum amount required for specific activities.*



*Compliance Supplement Criteria
Required Monitoring Core Areas Continued*

- i. Procurement, and Suspension and Debarment:** *Assure that subrecipients have and follow policies and procedures for procurement and that subrecipients have not been suspended or debarred by the federal government from receiving funding.*
- J. Program Income:** *Assure that program income is used to expand services. As required by federal regulation, any program income is received must be used to expand the funded program.*



*Compliance Supplement Criteria
Required Monitoring Core Areas Continued*

K. Real Property Acquisition and Relocation Assistance: *Does not apply to DHHS.*

L. Reporting: *Assurance that funds are being managed efficiently and effectively to accomplish the program objectives. Reporting requirements are contained in the laws, regulations, and contract or grant agreement.*

M. Subrecipient Monitoring: *Subrecipient monitoring is applicable if part of the service delivery and program administration is subcontracted with another agency.*



*Compliance Supplement Criteria
Required Monitoring Core Areas Continued*

N. Special Tests and Provisions: *Each annual compliance supplement specifically lists special tests and provisions which must be reviewed.*

O. Conflict of Interest: *For private non-profit subrecipients only, a notarized copy of the subrecipients policy addressing conflicts of interest must be available.*



Compliance Supplements

- ✧ Supplements are updated annually by each Division.
- ✧ Review and published by the State Auditor for all programs.



New Requirements

- ✂ OMB Circular A-133 outlines these fourteen (14) audit criteria as new areas of compliance monitoring.
- ✂ NC law adds the conflict of interest requirement for all non-profit subrecipients.



Granting

- ✂ A grant is an actual award of funds given by an agency. The funding agency will almost always outline the general purpose and direction it has in mind, leaving the specifics to the imagination or expertise of the applicant.



Contracting

- ✂ A contract is a formal agreement offered by an agency for the delivery of specific products or services. Under a contract award, an agency agrees to pay a specified amount for a specific task or set of tasks it has need to have performed.



Where does an MOU fit?

Memorandum of Understanding

An agreement of cooperation between organizations defining the roles and responsibilities of each organization in relation to the other or others with respects to an issue over which the organizations have concurrent jurisdiction.

See Sample in Notebook.



Financial Assistance and Purchase of Service

Subrecipient

- Determines eligibility
- Must meet program objectives.
- Directs programs.
- Adheres to State and federal compliance requirements.
- Fully administers programs.

Vendor

- Provides goods and services to all buyers.
- Provides goods and services as a business.
- Operates competitively.
- Acts as a services to the state or federal program.
- Not responsible for state and federal compliance requirements.



Purchase of Service

- ✂ A purchase of service is more indicative of a vendor relationship with an agency. Unlike contracting, purchase of service is establishing a relationship to supply a specific component of a service delivered. (For example, milk supplier for a nutrition program.)



Contract Agreements

- ✂ Thought-out and clearly written.
- ✂ Duration of the agreement should be date specific.
- ✂ Be project/program specific.
- ✂ General requirements are referenced.
- ✂ Allow for signatures and dates.

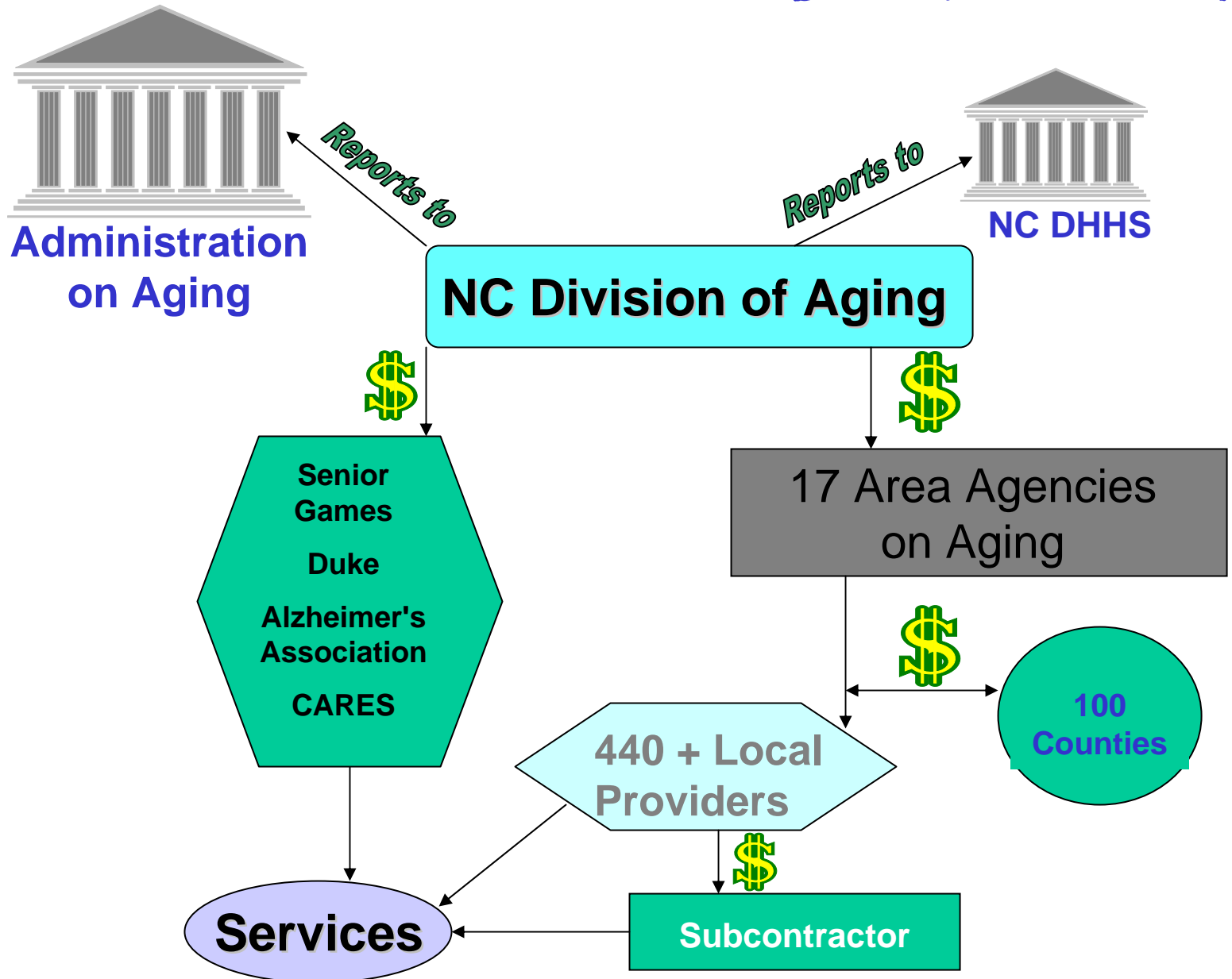


Subrecipient Monitoring



**“FOLLOW
THE
FUNDS”**

Monitoring Responsibility



Part 3: Subrecipient Monitoring



**AAA Monitoring Policy
Risk Assessment
Exhibit 17
Unit Verification
Assessment Reports**



Overview of the AAA Assessment Policy

Section 308.2

A. Assessment Plan

Risk Determination and Exhibit 17

B. Annual monitoring for Title III D and Senior Center Long Center Long Term Obligations.

Administrative Letter 98-18 waived the
annual assessment of certain services.

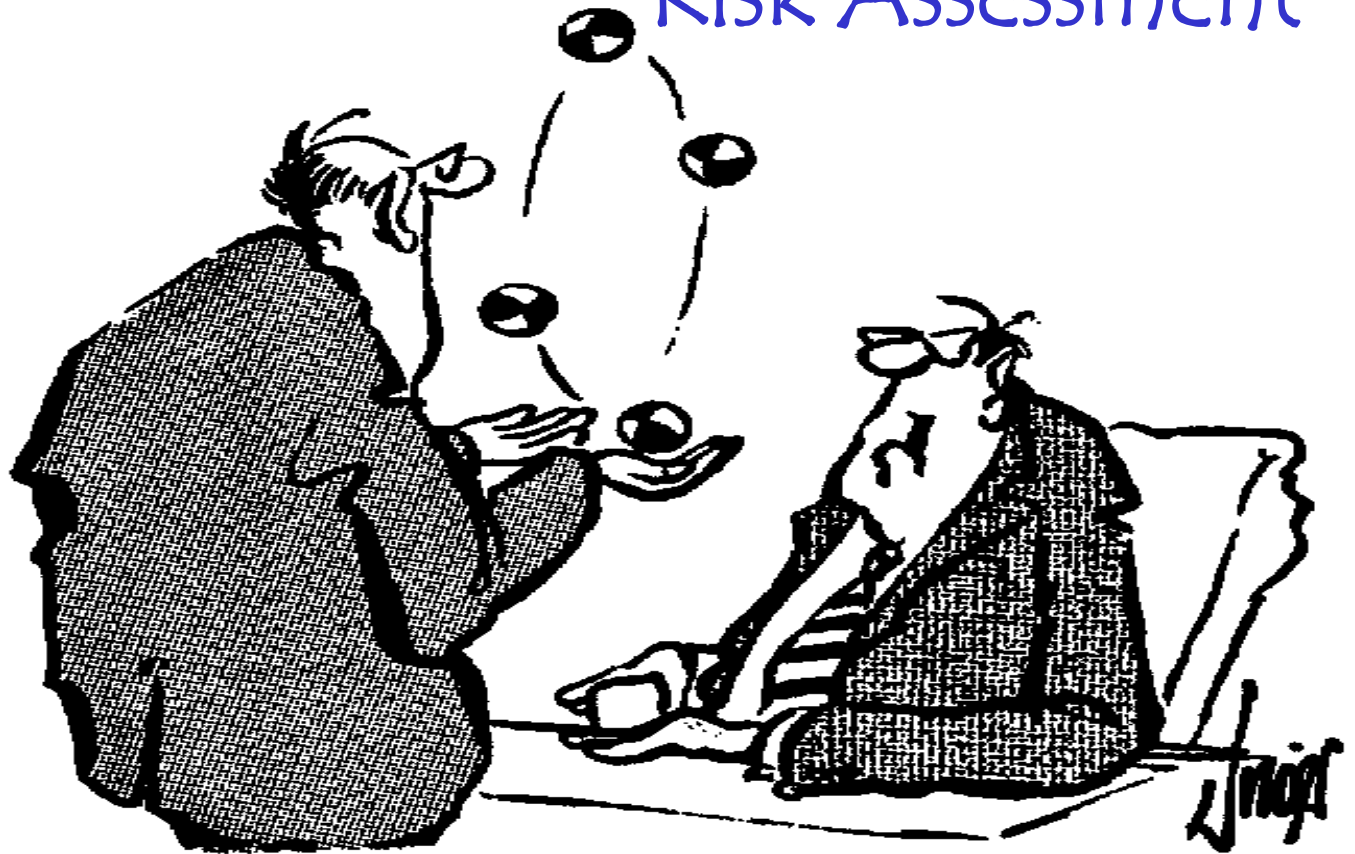
C. Unit Verification.

D. Administrative/Programmatic reviews.

E. Coordination with other regions.



Risk Assessment

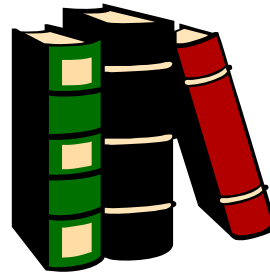


Well, Mr. Smith, you do seem to have the ability to evaluate complex situations.....



Risk Assessment

- ✂ A risk assessment is used to determine the priority of subrecipients to be reviewed and the level of monitoring to be performed. Like monitoring, it is not a one time event and should be on going.



Risk Assessment

- ✂ Critical to be effective.
- ✂ Prevents intrusive monitoring.
- ✂ Sets priorities for monitoring.
- ✂ Evaluates internal control.

Three Categories

- Low
- Moderate/Medium
- High



Risk Assessment Items to Evaluate

- ✂ Size of the subrecipient
- ✂ Amount of experience
- ✂ Size of funding award
- ✂ Complexity of funding and programs
- ✂ Variety of programs
- ✂ previous experience
- ✂ Staff turnover
- ✂ History
- ✂ Internal Control Questionnaire



Risk Assessment

High Risk

- ✂ Unresolved audit finds
- ✂ Unresolved correction action plans
- ✂ Untrained staff/turnover
- ✂ Complaints

Suggested Monitoring

- ✂ In-depth programmatic and/or financial on-site visit.
- ✂ Training/Technical Assistance
- ✂ Corrective Action Plan
- ✂ Follow-up site visit



Risk Assessment

Moderate Risk

- ✂ Follow-up needed for Audit findings/corrective action plan.
- ✂ Some weakness in internal control and/or staff
- ✂ Variances in reporting

Suggested Monitoring

- ✂ Desk Review
- ✂ On-site visit for specific areas
- ✂ Training/Technical Assistance
- ✂ Corrective Action Plan



Risk Assessment

Low Risk

- ✂ No audit finds
- ✂ No correction action plans
- ✂ Capable staff w/ low turnover
- ✂ Complete and timely routine reports
- ✂ No complaints

Suggested Monitoring

- ✂ Desk review of regular reports
- ✂ Annual audit review
- ✂ Regularly scheduled site visits



Risk Assessment

- ✂ Administrative Letter 98-7
- ✂ AAA Self Assessment Part A
Preliminary Monitoring and Audit
Indicators for Fiscal Year



Exhibit 17 Assessment Plan

✂ The **assessment plan** for monitoring local service providers is an important part of the Area Plan.



Exhibit 17

✧ Components of the assessment plan:

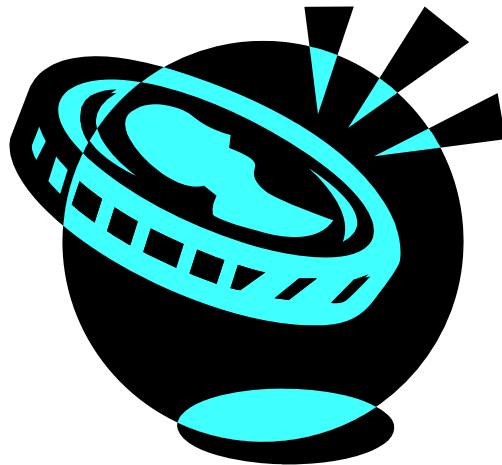
- Funded providers
- Funded services
- Counties served
- Who has monitoring responsibility
- Schedule for programmatic review
- Schedule for unit verification
- Schedule for fiscal review



Exhibit 17

Two sides of the coin

COMPLIANCE



TECHNICAL ASSISTANCE



Exhibit 17

✧ Monitoring of service delivery

- Uncovers compliance issues.
- Identifies areas of technical assistance to improve service delivery and avoid compliance issues.



Exhibit 17-Providers

- ✂ List every funded provider. In addition to the obvious, don't forget to include:
- New providers
 - Providers that need a close-out monitoring
 - The AAA, if in direct service
 - Providers funded for non-HCCBG services, such as:
 - Senior Center Outreach
 - Senior Center Long-Term Obligations
 - Health Promotion/Disease Prevention
 - Legal Services



Exhibit 17-Providers

✧ To assure an accurate and complete provider list, check your sources:

- County Funding Plan Agreements
- Other contracts and vendor agreements
- ARMS reports
- Senior Center Inventory
- [Note that only centers funded for new construction are monitored for Senior Center Long-Term Obligations]



Exhibit 17 – Dropouts

✂ If a provider is dropped or if funding for a service is taken away from a provider, please make a notation on Exhibit 17, e.g. *not funded after FY 03 (or "N.F.")*.



Exhibit 17 – Services and Service Area

- ✧ List every service for which a provider is funded and identify the county or counties served.



Exhibit 17 – Multi-County Providers

✂ For multi-county service providers:

- List the services by county if a separate assessment visit will be conducted to monitor each county program.
- List the services on a single line with multiple counties listed in Column C if one assessment visit will be used to monitor all the county programs for which the provider is funded.



Exhibit 17 – Multi-County Providers

✧ **Reminder:** One programmatic monitoring is sufficient, but samples for client record reviews and unit verifications should be selected from clients served by each county grant agreement.



Exhibit 17 – Who Monitors?

- Specify who is responsible for conducting the assessment of each provider funded in the region:
 - DOA
 - APR
 - AAA
- DOA should be listed as the monitor for AAAs in direct service.



Exhibit 17 – Who Monitors?

- DSS APRs are responsible for monitoring any local DSS funded by the HCCBG for in-home aide services, housing and home improvement, and adult day services.
- AAAs are responsible for monitoring local DSSs for any other service.



Exhibit 17 – Who Monitors?

- ✧ For multi-county service providers operating in more than one region where assessment responsibility is shared with another AAA, note which AAA will be monitoring by inserting the region's ID letter in the appropriate year column.



Exhibit 17 – Programmatic Reviews

- ✂ Schedule on-site assessment visits as needed but at least once every 3 years, except for health promotion/disease prevention (currently an annual review).



Exhibit 17 – Programmatic Reviews

- ✧ Visits should be scheduled more often than the minimum, for example:
- If a new service provider has no recent history of providing a service.
 - If a service provider is closing out its contract and no longer will be providing a service.
 - If there are unresolved issues from previous assessments.
 - If there are other "red flags" (e.g., incomplete documentation).



Exhibit 17 – Unit Verification

- ✧ Schedule unit verifications as needed but at least every other year.
- ✧ If a provider is closing out its contract, the AAA is encouraged to conduct a unit verification prior to July 31st and the year-end close-out in order to adjust reimbursements, if necessary.



Exhibit 17 – Fiscal Reviews

- Make an annual determination of risk using a variety of tools, such as
 - ARMS reports
 - Audits
 - Program administration monitoring reports and unit verifications.

- Schedule a required on-site fiscal reviews on Exhibit 17 if a provider is deemed "high risk".



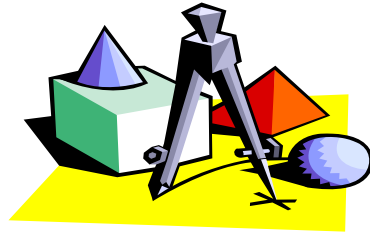
Exhibit 17 – Fiscal Reviews

- ✧ The AAA is not required to schedule a site visit on Exhibit 17 if a provider is deemed "moderate risk", but may if concerns cannot be resolved through other appropriate means.



Exhibit 17

✂ Exhibit 17 should be updated annually after county funding plans are reviewed.



Unit Verification

- The base sample should be 5-10% of the client names listed for each service, or all clients if less than 10 served.
- If 10% of the total units (not client records) reviewed are found to be ineligible, the AAA must choose an additional 5 names and a different month of service to verify units.



Conducting Unit Verifications

- Use the Units of Service Verification Report to identify the clients and services for which a provider was paid.
- Select a sample of client names for which units will be verified.
 - ➔ Select names from all S/R/W codes for a service.
 - ➔ Use the client master list to identify one or more special eligibility clients and include them in the sample.



Conducting Unit Verifications

- Develop an audit trail from the names and units in ARMS to the best available source documentation, such as
 - DOA-903 Turnaround Document
 - Timesheets
 - Trip sheets, Driver's Log or Manifest
 - Sign-in sheets



Conducting Unit Verifications

- Client records are reviewed as part of unit verification to assure services have been provided to eligible clients.
- Client Registration Forms (DOA-101) must be updated annually (except home-delivered CRFs, which are updated during the 6-month reassessments).



Conducting Unit Verifications

- All required fields should be have complete client information.
- An original client signature must be on file, but only staff signatures must be on CRF updates.
- Date of registration and updates must be recorded.
- Paper copies of CRFs may include one or more notations of updates being conducted as long as the signature or initials of the staff are included and the date of the update being conducted.



AAA Assessment Policy

Section 308.3

The AAA will develop written procedures which describe the process the AAA has adopted in scheduling review with community service providers.



Suggestions for Scheduling Reviews

1. In writing
2. Indicate who will participate in the assessment.
3. Include or extend the opportunity to receive assessment tool(s) prior to the visit.
4. Name staff who are expected to be present for the review.
5. Provide details of the type of review that will be conducted
6. October 1-March 31.
7. Provide 30 days notice.



AAA Assessment Policy

Section 308.4

A. Purpose of assessment reports.

B. Procedures for writing reports and addressing non-compliance.

- Maximum working days between visit and receipt of report. (30 days)
- Clearly state non-compliance findings
- If no findings, state clearly.
- Corrective Action Plan required
- State due date for corrective action plan.
- Health and safety-immediate attention.

AAA Assessment Policy

Section 308.5

The AAA will develop written procedures which describe the process the AAA has adopted in requiring Corrective Action Plans when finding(s) of non-compliance are made.

Section 308.6

The AAA will develop written procedures which describe the process the AAA has adopted regarding follow-up to determine a community service provider's correction of a non-compliance finding.





Assessment Reports

1. Name and Address of subrecipient monitored.
2. Program names and funding sources monitored.
3. Name(s) and title of monitoring staff
4. A summary of the areas reviewed during the site visit.
5. * Acknowledgement of compliance or non-compliance with the applicable 14 Audit Supplement Criteria by fund source.



Assessment Reports

6. Acknowledgement of compliance or non-compliance with the Conflict of Interest policy (*non-profit entities only*)
7. A description of the relevant findings and areas of non-compliance by program with recommended corrective action. If no non-compliance exists, state so.
8. Suggestions for improvement/or technical assistance.
9. The date a written corrective action is to be received by the AAA (normally 30 days). If no response is needed, state so.

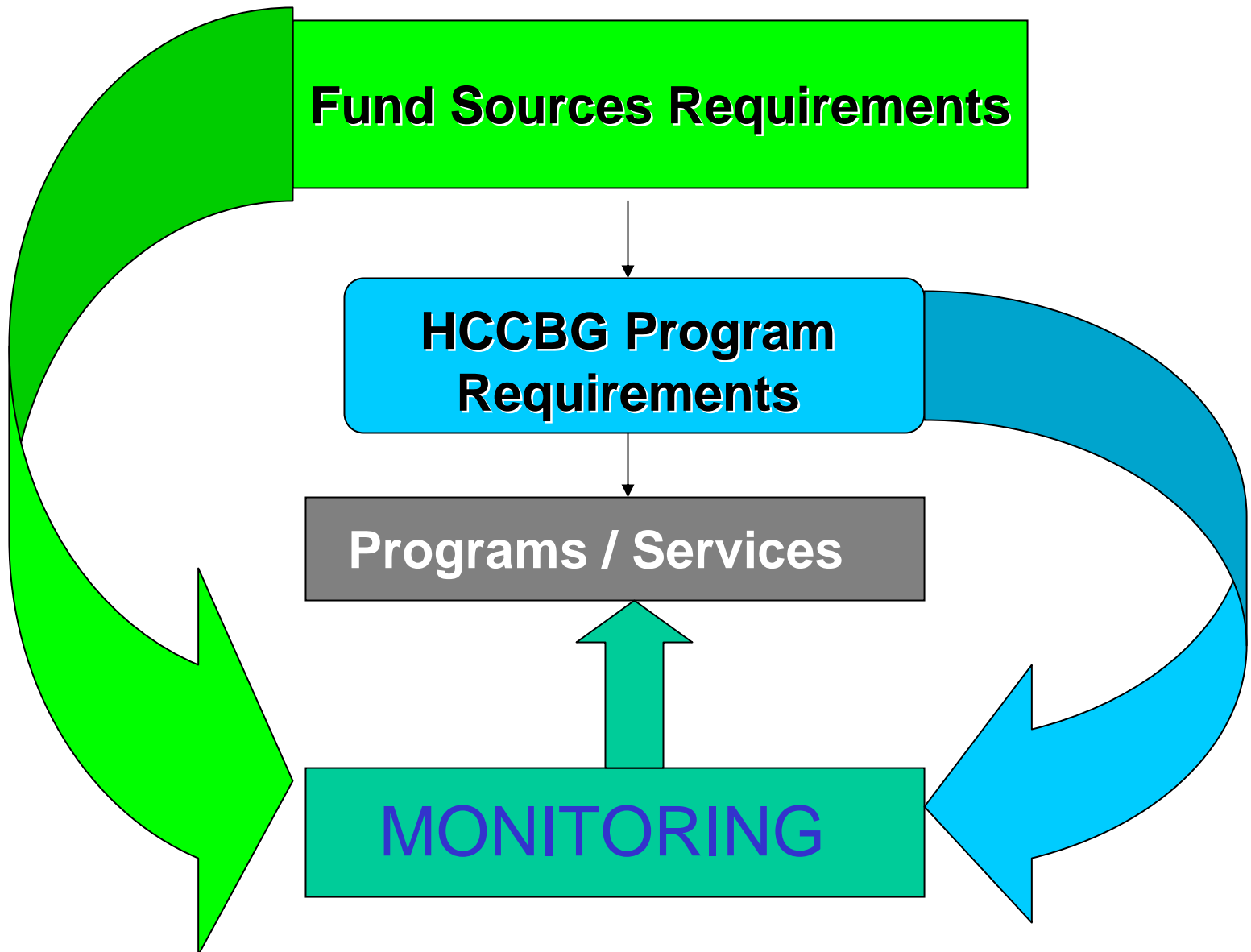


New Complementary Tools

Purpose:

- ✂ To tie existing programmatic monitoring instruments to the applicable fund source requirements.
- ✂ To incorporate administrative and fiscal reviews required by OMB Circular A-133 into one document.
- ✂ To have assurance that the monitor certifies each criteria has been reviewed and is/not in compliance.

Assessment Process





Compliance Supplement Criteria Requirement	() Compliance Supplement Criteria		
a. Activities Allowed or Unallowed:	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
b. Allowable Cost/Cost Principles	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
c. Cash Management:	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
d. Davis-Bacon Act:	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
e. Eligibility:	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
f. Equipment and Real Property Management:	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
g. Matching, Level of Effort, Earmarking:.	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
h. Period of Availability of Federal Funds:	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
i. Procurement, and Suspension and Debarment:	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
j. Program Income:	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
k. Real Property Acquisition and Relocation Assistance:	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
l. Reporting:	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
m. Subrecipient Monitoring:	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
n. Special Tests and Provisions:	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
Conflict of Interest:	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>



New Complementary Tools

- ✂ Title III C Nutrition Services
- ✂ Current Nutrition Monitoring Instrument
- ✂ DOA Compliance Supplement Criteria Review #93.045 Title III C Nutrition Services.

Part 4: Monitoring Fundamentals



**Technical Assistance
Follow-up and Close Out
MOU Between DSS and DOA**



Judgement and Triage

✂ Significant programmatic concerns can overwhelm the AAA and provider.

Consider these categories:

- Essential - Health and Safety
- Urgent and Important
- Important



Technical Assistance

✂ One goal of monitoring is to identify problems before they result in audit finds or turn into bigger problems. This aspect can be considered to be a type of technical assistance to the subrecipient.

*DHHS Monitoring Manual



Technical Assistance

- ✂ Technical assistance can be used to identify a hit or miss problem.
- ✂ Old provider with a new service.
- ✂ New Provider with a new service.
- ✂ Value of triage through technical assistance.



Technical Assistance

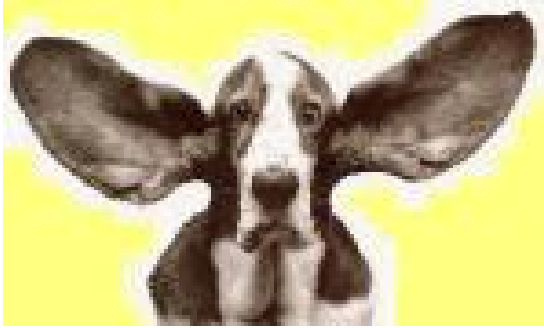
- ✂ Communicate technical assistance appropriately.
- ✂ Should not require a written response.
- ✂ Provide constructive assistance to improve a situation which may become non-compliance over time.
- ✂ Often addresses internal control issues.
- ✂ Alerts management of weaknesses which minor attention will resolve (*i.e. documentation procedures*)



Follow-up and Closeout of Monitoring

- ✂ Acceptance or denial of corrective action plan.
- ✂ Determine if a follow-up site visit is needed.
- ✂ Verify that severe non-compliance (*health, wellness or safety*) has been corrected.

** Remember: Copy the County on all monitoring reports.*



Close Out Letter

- ✂ Often, forgotten piece of the puzzle.
- ✂ Letter formally accepts the subrecipient's corrective action plan.
- ✂ Format should ensure that the assessment is now closed.



Memorandum of Understanding Between DOA and DSS

- ✧ Administrative Letter 98-13
- ✧ Designates monitoring responsibilities
- ✧ AAA Responsibilities
- ✧ APR Responsibilities

"The AAA is ultimately responsible for seeing that services are provided in accordance with established policies and procedures."

* Review of #93.667-3



Part 5: Data

Responsibilities

Desk Monitoring

Source Documents

ARMS Reports



AAA Role

- ✂ Responsibilities as Pass-through agency.
- ✂ Keying Contract Segments
- ✂ Review of 732 and 732A
- ✂ Desk Reviews
 - Date of last update
 - Function status of clients receiving In-Home Services
 - Special Eligibility



Funds Utilization

- ✂ Determine the level of utilization for each provider.
- ✂ Spot check for variances of +/- 5%
- ✂ Educate providers to check and balance units and reimbursement monthly.
- ✂ Other Adjustments Column and what does it mean.



Roles and Responsibilities with Data

- ✂ Understanding ARMS Reports

- ✂ Management Tool for budgeting and funds utilization.

- ✂ Informing and educating providers

- ✂ Why is data important?

- ✂ Desk Reviews



ARMS Reports

FY 2004 New Edit Checks
programmed into ARMS

Linda Owens
Division of Aging



Source Documentation

✂ The source document is the written or electronic source of information from which reimbursement was requested.

Examples: Time sheets, turnaround documents, In-Home Aide log sheets, a receipt, transportation logs



Documentation to Keep on File

✂ Working Papers - Written records made during the review.

- Monitoring instruments
- Notations from the review
- Neat, understandable and relevant
- Kept organized in future review.



New OMB Audit Objectives for Pass-Through Entities

- ✧ Review monitoring policies and procedures.
- ✧ Review follow-up and corrective action.
- ✧ Review award documentation.
- ✧ Verify that audit reports have been reviewed.
- ✧ Review monitoring documentation of subrecipients for compliance.
- ✧ Verify subrecipient non-compliance was documented.



Assessment File/Notebook

- ✂ All correspondence.
- ✂ Working papers.
- ✂ Certifications and licenses.
- ✂ Unit verification charts.
- ✂ Subrecipient Monitoring or subcontractor monitoring.
- ✂ Examples of provider source documents

Part 6: Fiscal Monitoring



Internal Control Questionnaire Fiscal Monitoring



Internal Control

- ✧ Internal control is defined as a process, effected by an entity's board of directors/trustees, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:
- Effectiveness and efficiency of operations.
 - Reliability of financial reporting.
 - Compliance with laws and regulations.



Internal Control Fundamental Concepts

- ✧ Internal control is a process. It is a means to an end, not an end in itself.
- ✧ Internal control can be expected to provide only reasonable assurance, not absolute assurance, to an entity's management and board.
- ✧ Internal control is effected by people. It is not policy manuals and forms, but people at every level of an organization.



Internal Control Questionnaire

It is not:

- a monitoring instrument
- a list of requirements for every agency.
- An annual requirement.
- Applicable to every agency.

It is:

- a communication tool.
- to assist in determining weakness
- a “snap shot” view of the subrecipient.
- A tool to help assess risk.
- View of the day to day operations.



Internal Control Questionnaire

- ✧ Should be completed as often as the grantor deems necessary or at least updated once every three years or as changes warrant.
- ✧ Identified weakness should be explained and communicated in an effort to reduce potential risk.



Fiscal Monitoring

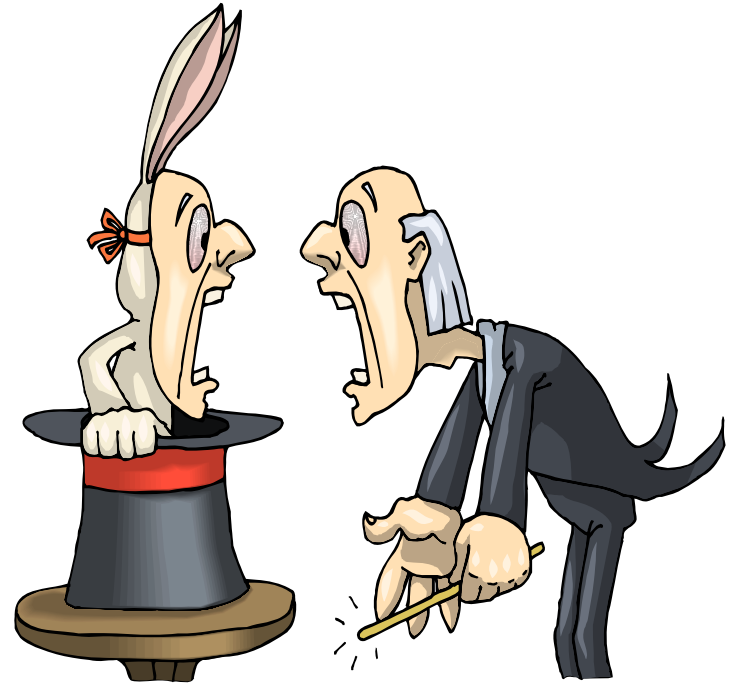
- ✧ Activities performed by the reviewer to ensure that funds are being expended as intended to carry out the objectives of the program(s) and ensure federal and state cash management requirements are met.





In other words...

**Did you
get what
you paid
for?**





Forms of Fiscal Monitoring

- ✂ Documentation review for reimbursement.
- ✂ Unit verification.
- ✂ Cost sharing verification.
- ✂ Review of Internal Control Questionnaire.
- ✂ Fiscal Monitoring assessment instrument.



Who receives Fiscal Monitoring?

OMB Circular Requirements

- ✧ Authority: Single Audit Act of 1997 and OMB Circular A-133.
- ✧ "Ensure that subrecipients expending \$300,000 or more in federal awards during the fiscal year have met the audit requirements the fiscal year."
- ✧ Each subrecipient who is not required to have a Single Audit must receive a fiscal monitoring review by the pass-through agency.



Fiscal Monitoring

- ✂ The Fiscal Monitoring Document for Non-Governmental Community Service Providers is a monitoring instrument used to determine material weaknesses in the fiscal procedures of subrecipients.
- ✂ Who does not receive a review?



Fiscal Monitoring Instrument

✧ Reviews:

- ICQ and Single Audit (if applicable)
- Receipts
- Acquisitions (Disbursements or payments)
- Salaries and Wages
- Aging Program Tests - Compare ZGA reports to Accounting Records.



Frequency

- ✧ At least once, every three years or as deemed necessary based on the risk assessment.
- ✧ Further guidance: DOA Administrative Letter 98-7



For the future

The Office of Management and Budget (OMB) is moving forward with its plan to raise the single audit threshold from \$300,000 to \$500,000 in annual federal expenditures. The new threshold will be effective for audits of fiscal years ending after December 31, 2003. We anticipate the NC General Assembly will follow suit.



Resources

DOA Monitoring Web Site

[http://www.dhhs.state.nc.us/aging/
monitor/monitor.htm](http://www.dhhs.state.nc.us/aging/monitor/monitor.htm)

